

Business model generation canvas – visioning

“Rather than writing a conventional book about business model innovation, we’ve tried to design a practical guide for visionaries, game changers, and challengers eager to design or re-invent business models. We’ve also worked hard to create a beautiful book ...” (Osterwalder & Pigneur, 2010: 15)

The big idea

[Business Model Generation](#)¹ is a relatively new approach but it has already been widely applied across a range of sectors and features in Susan Royce’s recent report on [business models in the visual arts](#). Ultimately, the intention of the approach is to create value and replace outmoded models. It is based on the belief that all business models can be described through nine building blocks, which show how a business either makes money or delivers its mission and generates income. The nine blocks have arisen out of the four basic areas of a business: customers, offer, infrastructure and financial viability.

Purpose

The purpose of the model is to create a shared language for describing, visualising, assessing and changing business models. It is intended to be a practical guide, which will give you a deep insight into your future business model and generate shared understanding of the value your business creates. The building blocks proposed by the Business Model Generation approach are:

1. Customer segments: a breakdown of the customers being served
2. Value proposition or offer: which seek to solve customer problems and satisfy customer needs or wants
3. Channels: how the value propositions or offers are delivered
4. Customer relationships: how relationships are established and maintained

¹ Business Model Generation is included in the toolkit with the kind permission of Alexander Osterwalder

5. Revenue streams: where the money comes from as a result of successfully delivered value propositions or offers
6. Key resources: the assets needed to develop and offer the value proposition
7. Key activities: performing what is needed to deliver
8. Key partnerships: activities and resources that are acquired outside the enterprise
9. Cost structure: the cost structure that results from the other business model elements

The tool

The main element of the tool is [the business model canvas](#), which encourages you to take a holistic view of your organisation. You can print off the canvas attached, download a copy or create a large canvas with flip chart paper. As part of your process of creating your new business model² it is suggested you use an ideation process (Osterwalder & Pigneur, 2010), which involves several steps and key questions:

Team composition	Is your team sufficiently diverse to generate fresh business model ideas? If you are a sole trader or micro-business, think about involving your friends, stakeholders or peers.
Immersion	Which elements must you study in more depth before generating business model ideas? This may be a long period of research or a few workshops.
Expanding	What innovations can you imagine for each business model building block? Generate as many ideas as possible, using all nine building blocks as a starting point.
Criteria selection	What are the most important criteria for prioritising your business model ideas? Having generated a lot of ideas, you now need to determine how you will select your preferred options.

² You may wish to undertake a review using the canvas before you start generating new ideas. Questions to support a self-assessment can be found in an alternative version of this tool under the 'Where are you now' stage

Prototyping

What does the complete business model for each shortlisted idea look like?

Try and move to a shortlist of 3 to 5 possible innovations. Use the business model canvas to sketch out and test each idea as a business model prototype.

Take the next step

Take a really wild idea that you may have been harbouring for a while. Use the canvas to assess its potential as a new business model. Where are its strengths and weaknesses? Is it an idea that you might now pursue?

Top tips

- Work with a mixed group of stakeholders and use post-its, images, symbols and text to fill in your canvas
- Try not to rush the immersion stage but equally don't be paralysed by analysis
- Use the model intuitively and creatively
- Use the canvas to review other businesses in your sector. Consider where your new business model ideas might sit in relation to their models

References

Osterwalder, A., & Pigneur, Y. (2010). *Business Model Generation*. New Jersey, USA: John Wiley & Sons Inc.